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Merchandising

Home and Auto Electronics • Housewares • Major Appliance

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTO

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Retailers anticipate 10-40% increases in sales in '84

Is Detroit aiming for a larger piece of the pie?

Dealers eye the blank tape ma

ndates on d AM stereo

Also in this issue:

Foley's bangs on to its major-appliance customers

A full report on the April Housewares Show

ou really feel about the business

fashion and excitement

ngs to you

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Merchandising
FOR OVER 56,200 RETAILERS & WHOLESALERS

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Retailers pleased with vendors of peripherals, software, but fault hardware manufacturers

By Frank Cavaliere, associate editor

NEW YORK—Retailers are having an easier time dealing with both peripheral and software manufacturers than hardware manufacturers in the ever-changing computer business.

Dealers say they are having few problems sorting through the myriad of software titles, printers, joysticks and disk drives available. These vendors are apparently doing a good job of filling their needs.

All is not perfect, however. Retailers expressed, sometimes forcefully, their disappointment with hardware manufacturers, which, they asserted, do not understand the needs of their businesses. Among the more prevalent complaints were ones of inadequate sales support, low profit margins and too many dissatisfied customers.

These were among the findings revealed in a retailer survey done by *Merchandising*. Part one of findings from the survey ran in the April issue. In this, the second part, retailers sound off on what's bothering them when it comes to stocking computer products.

Two-thirds are pleased

When asked if they believed software manufacturers understood the marketing needs of their particular operation, 65.5 percent said yes while the remaining 34.5 percent said their relationships with software suppliers needed improvement.

A nearly identical response ratio was gotten when retailers commented on their satisfaction level with peripheral suppliers. Almost two-thirds (66.2 percent) said they were pleased with the understanding peripheral manufacturers exhibited and slightly more than one-third, or 33.8 percent, said they were not.

For both questions, retailers were asked to elaborate if they were not happy with their software and peripheral manufacturers. For software, a recurring problem was the lack of demonstration programs. Retailers said they need these programs to become familiar with a program before customers begin asking questions about it.

"Dealers need available demonstration packages to fully understand the software—and at reasonable cost!" replied one retailer. Another respondent simply said, "We need to have demos of programs."

In a related area, another called for "more good educational programs for all levels, especially intermediate."

In the peripheral category, complaints ranged from the broad ("too complex") to the specific ("Cables do not match. All [cables] should make universal connections"). A similar comment calling for easier connections was written briefly as "better interfacing/standardization needed."

What this suggests is that retailers are still being hurt by incompatibility. People who buy a cpu, a printer and a disk drive from different companies and find they cannot be connected without too much work do not make happy customers.

Hardware's another story

The responses on hardware reflect retailers' continuing struggle with the complicated world of computers. Falling prices still confuse dealers, and in turn, their customers.

Many implied that selling computers is made even more difficult by limited supplier support and sales training. "If you don't tell us enough about the machine, how can you expect us to convince a customer?" retailers seemed to say.

After checking off the "no" box when asked if he believed that hardware manufacturers understood the marketing needs of his particular operation, one respondent listed his principal complaints as, "no training on how to sell merchandise, no profit and too many returns."

Overall, response revealed nearly a 50/50 split, with 48.6 percent saying they thought suppliers understood their business and the remaining 51.4 percent voicing the opposite.

Typical of many suggestions were two people who wrote of the need for "price stabilization" in their suggestion space. Although prices are fluctuating less than in the past, retailers are apparently still being hurt.

One dealer expanded on the thoughts of many of his colleagues, noting that "some stores are selling products at a lower price than I can buy them for."

But the object of his wrath, mass merchandisers, also called for improved pricing strategies. One said "sensible distribution policies that allow the retailer to make a fair profit for the time and money he has invested" are badly needed.

Pricing affects sales

Trouble with pricing is having a direct effect on sales, said the retailers. Exactly 57 percent of those queried said the main reason people are hesitating to buy a computer is that they are still waiting for prices to drop. The second most prevalent answer, with 18.5 percent of the total, was that people have no need for a computer now. Six percent cited both of these reasons as the main causes of consumer resistance.

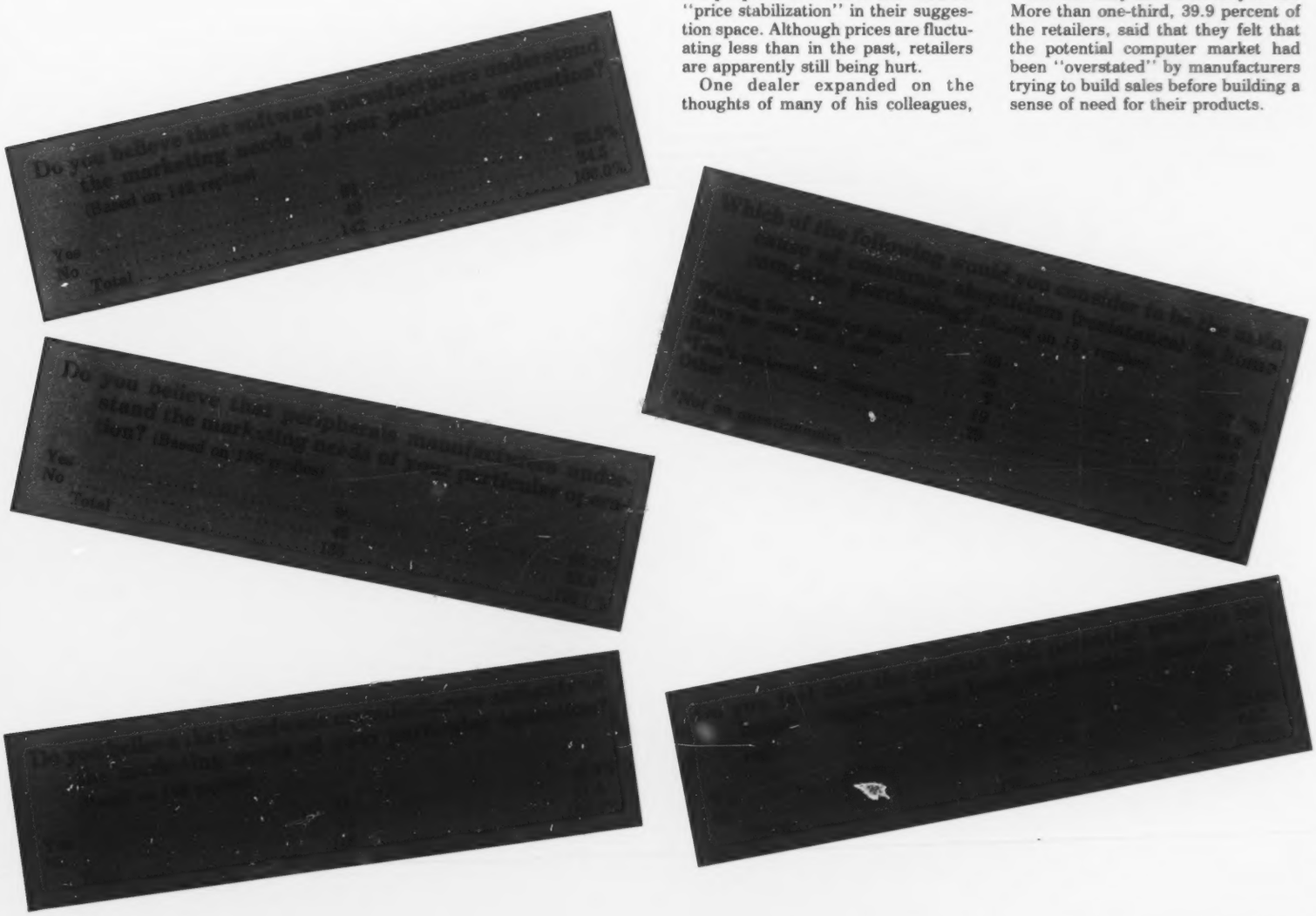
The remaining responses were divided between retailers saying their customers simply do not understand computers (12.6 percent) and other, unlisted reasons (19.2 percent).

Must explain applications

Manufacturers must "be able to explain current and future applications of their merchandise," and provide "better information for the public as to the needs for home computers," said two of the respondents.

A representative reply addressing the majority view said manufacturers and retailers should shoot for "one year of stable pricing" and selling product from a need standpoint instead of just price.

But that may not be so easy to do. More than one-third, 39.9 percent of the retailers, said that they felt that the potential computer market had been "overstated" by manufacturers trying to build sales before building a sense of need for their products.



Merchandising's TOP 50 FIFTY

Top 30 in videocassette rentals

TITLE	Last month's position	Months on chart
1. Trading Places *(Paramount)*	8	2
2. WarGames *(CBS/Fox)*	3	2
3. Sudden Impact *(Warner)*	—	1
4. Octopussy *(CBS/Fox)*	—	1
5. Mr. Mom *(Vestron)*	2	3
6. Tootsie *(RCA/Columbia)*	1	3
7. Never Say Never Again *(Warner)* GP	4	2
8. Risky Business *(Warner)* GP	7	5
9. The Making of Michael Jackson's Thriller *(Vestron)* GP	9	4
10. Raiders of the Lost Ark *(Paramount)*	6	5
11. Star Chamber *(CBS/Fox)*	17	2
12. Easy Money *(Vestron)*	11	2
13. Star '80 *(Warner)*	—	1
14. The Dead Zone *(Paramount)*	—	1
15. D.C. Cab *(MCA)*	—	1
16. National Lampoon's Vacation *(Vestron)* GP	10	5
17. Jane Fonda's Workout *(Karl Video)* GPI	21	16
18. Staying Alive *(Paramount)*	5	3
19. Caligula *(Vestron)*	—	1
20. Under Fire *(Vestron)*	—	1
21. Tender Mercies *(Thorn EMI)*	—	5
22. Eddie and the Cruisers *(Embassy)* G	18	3
23. Class *(Vestron)*	19	3
24. Nate and Hayes *(Paramount)*	—	1
25. Krull *(RCA/Columbia)* G	27	2
26. Fanny and Alexander *(Embassy)*	—	1
27. Osterman Weekend *(Thorn EMI)*	—	1
28. Flashdance *(Paramount)*	16	8
29. Cujo *(Warner)*	14	4
30. Brainstorm *(MGM/UA)* G	12	3

Top 10 in videocassette sales

1. Jane Fonda's Workout *(Karl Video)* GPI	3	22
2. The Making of Michael Jackson's Thriller *(Vestron)* GP	1	4
3. Trading Places *(Paramount)*	6	2
4. Raiders of the Lost Ark *(Paramount)*	2	6
5. Flashdance *(Paramount)*	5	8
6. Octopussy *(Paramount)*	—	1
7. Staying Alive *(Paramount)*	4	3
8. WarGames *(CBS/Fox)* G	—	1
9. 48 Hours *(Paramount)*	10	10
10. Risky Business *(Warner)* GP	7	5

Top 5 in CED videodisc sales

1. Sudden Impact *(Warner)*	—	1
2. Octopussy *(CBS/Fox)*	—	1
3. Mr. Mom *(Vestron)*	—	1
4. The Making of Michael Jackson's Thriller *(Vestron)* GP	5	2
5. WarGames *(CBS/Fox)* GP	3	5

Top 5 in laserdisc sales

1. Raiders of the Lost Ark *(Paramount)*	1	5
2. Sudden Impact *(Warner)*	—	1
3. The Making of Michael Jackson's Thriller *(Vestron)* GP	3	3
4. Trading Places *(Paramount)*	—	1
5. Never Say Never Again *(Warner)*	2	2

G—Title has gone gold—has sold 25,000 on disc and/or cassette and has sales of at least $1 million. (RIAA/Video)
P—Title has gone platinum—has sold 50,000 on disc and/or cassette and has sales of at least $2 million. (RIAA/Video)
I—Golden Videocassettes award—has audited return of sales or rentals of $1 million unless company has a return policy. Then, the allowance must be deducted from the gross revenue. (ITA)

VIDEO/NEW RELEASES

EMBASSY

THE GOLDEN SEAL (1983) Filmed in the Aleutian Islands, this family adventure is a modern parable about a small boy's innocence put in direct conflict with his failed dreams and the greed of adults. *Color PG 94 minutes C, CED, LV.*

HEAVENLY BODIES (1974) A 60-year treatment of women on the screen shows such stars as Greta Garbo, Jean Harlow and Betty Grable. A total of 34 women reflect the customs, manners and mores of the times. *B/W and Color 87 minutes C.*

MCA

HEAT AND DUST (1982) This film is really two stories in one. The first tale is about Olivia (Greta Scacchi), a young English bride who joins her husband Douglas (Christopher Cazenove) at his post in India. The second story is about Anne (Julie Christie). Olivia's niece, who travels to India in search of the truth about a scandalous and mysterious relative. *Color R 130 minutes C: $59.95.*

LA TRAVIATA (1983) The filmed version of Giuseppe Verdi's opera classic stars Placido Domingo, one of the world's great tenors, in his cinematic debut. Teresa Stratas, the critically acclaimed Metropolitan Opera soprano, also stars. *Color G 105 minutes C: $69.95 CED: $29.98 LV: $29.98.*

REAR WINDOW (1954) This witty and macabre tale of voyeurism and murder stars Jimmy Stewart and the late Grace Kelly. Alfred Hitchcock demonstrates why he's known as the "Master of Suspense" in this moving film. *Color 112 minutes PG C: $59.95 CED: $19.98 LV: $29.98.*

SCARFACE (1983) This new release of Scarface stars Al Pacino and has been hailed as the most brutal gangster film of all time. The new version borrows much of the sharp-edged attitudes and many memorable scenes from the original, such as the bowling alley killing of Boris Karloff. *Color 170 minutes R C: $79.95 CED: $34.98 LV: $39.98.*

MEDIA

THE ADVENTURES OF FELIX THE CAT That crazy cat is into mischief again in the first cartoon compilation released for home use. Media Home Entertainment has licensed home video rights to 16 hours of Felix's escapades and will edit the material for video release. *Color C: $29.95.*

DAVID BOWIE—SERIOUS MOONLIGHT (1984) From the androgynous Ziggy Stardust to the cool, detached Aladdin Sane, Bowie has always possessed a flair for the theatrical and the music to match each persona. In Serious Moonlight, Bowie strips away all his masks to reveal his true self to the world at last. *Color 90 minutes C: $39.95.*

DRACULA BLOWS HIS COOL This comic tale shows more lovely necks than even the blood-thirsty Count can handle! Amid swarms of vampires giving out love bites at a hip disco, will a photographer and his three models be able to survive? Will anyone be able to kiss again after viewing this movie? The tape is under the Private Screenings label and is distributed by Media Home Entertainment. *Color 91 minutes C.*

THE FALL OF THE ROMAN EMPIRE (1964) Against a background of pompous spectacle and pagan brutality, Lucilla (Sophia Loren), the emperor's daughter, fights to halt the decline of Rome. Coming to her aid is Livius (Stephen Boyd), the renegade general who is torn between his love for Lucilla and his loyalty to his country. *Color 152 minutes C: $69.95.*

MGM/UA

REVENGE OF THE NINJA (1983) The Ninja are back again! The secret cult of invincible warriors and martial artists display their 1,000 methods of murder. World renowned martial artist Sho Kosugi stars as Cho Osaki, a Ninja hoping to escape his bloody past in Los Angeles. *Color 90 minutes R C: $79.95.*

STRAWBERRY SHORTCAKE PETS ON PARADE Strawberry Shortcake is named as the judge of a pet show and first prize is a shiny new tricycle. But the Peculiar Purple Pieman of Porcupine Peak plots to swipe it! But Strawberry and her pals Raspberry Tart and Blueberry Muffin teach the Pieman a lesson that he'll never forget. *Color 60 minutes C: $29.95.*

PARAMOUNT

DANIEL (1983) Based on E.L. Doctorow's The Book of Daniel, this film depicts the story of Paul and Rochelle Isaacson, characters who greatly resemble Julius and Ethel Rosenberg. The couple was executed for espionage, and the film explores the tortuous impact of this event on their son, Daniel (Timothy Hutton), and his sister (Amanda Plummer). *Color C: $59.95.*

UNCOMMON VALOR The tragedy of the many men who are still missing in action following the Vietnam war is explored in this film. Academy award winner Gene Hackman portrays Colonel Jason Rhodes. *Color C: $59.95 CED: $29.95 LV: $29.95.*